



U.S. Immigration
and Customs
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News Release

ICE WARNS PUBLIC ABOUT GROWING INVESTMENT SCAM INVOLVING BOGUS GOVERNMENT BONDS

SAN DIEGO – Agents with U.S. Immigration and Customs Enforcement (ICE) are cautioning Southern California investors to be wary of an emerging and ingenious investment scam involving phony government bearer bonds purportedly found recently in the wreckage of a U.S. military plane that crashed in the Philippines seven decades ago.

ICE agents recovered hundreds of the fake government bonds here last month in one of the largest seizures of its kind. The cache included more than \$3 billion in bogus paper bonds smuggled into the United States from the Philippines last month and in 2002 as part of a fraudulent investment scheme.

ICE officials say cases of fictitious instrument fraud, which involve the sale or transfer of nonexistent securities, appear to be on the rise. Investigating financial crime and fraud is the focus of Operation Cornerstone, ICE's comprehensive initiative to combat vulnerabilities in the nation's financial system. Such schemes can easily be exploited by criminal and terrorist organizations to earn, move, and store illicit funds.



In most instances, the fraudulent securities bear the name of the U.S. Federal Reserve, but con artists have also generated fraudulent securities purported to be from the central banks of Japan, Argentina, Germany, the Philippines and other countries.

“Not only are the claims about the sources of these bonds outrageous, but the con artists typically fabricate stories about their origins that are so detailed and compelling buyers often refuse to believe the instruments are fake,” said Michael Unzueta, acting special agent-in-charge. “For investors, the bottom line needs to be, if it sounds too good to be true, it probably is.”

In this case, ICE agents say con artists are trying to sell the yellowed documents as a secondary market investment purportedly linked to a 1934 secret agreement between the governments of the United States and China. Allegedly, the bonds were recovered by Filipino tribesmen from the wreckage of a U.S. military plane that crashed in the 1930s. The con men claim the securities, issued in denominations of \$100 million, were signed by then Treasury Secretary Henry Morgenthau to aid the government of Chiang Kai-Shek.

Investors are told that for an upfront payment ranging from \$10,000 to \$30,000, they can buy an interest in one of the notes and make a 300 to 500 percent return when the Federal Reserve cashes it in later in a “secret trading room”. The bogus bonds are often referred to as “Morgenthau Notes”, “Zebra Bonds”, “Fresh Cut U.S. Treasury Bills”, or “U.S. Dollar Bonds”.

ICE agents say the investigation into this latest example of fictitious instrument fraud is ongoing. There is concern that some San Diegans may have already fallen prey to the scheme, but are reluctant to come forward because of outrageous claims by the con artists that federal agents seeking to recover the bonds may threaten the lives of the holders. ICE agents urge anyone who has been approached about purchasing these bonds to contact ICE’s toll-free tip line at [1-866-DHS-2ICE].

ICE officials encourage those seeking to learn more about this type of fraud to visit the U.S. Bureau of Public Debt’s web site - www.treasuryscams.gov. The site features samples of various kinds of fictitious fraud instruments and provides information about the related financial schemes.

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U.S. Immigration and Customs Enforcement (ICE) is the largest investigative arm of the Department of Homeland Security (DHS), responsible for the enforcement of border, economic, infrastructure, and transportation security laws. ICE seeks to prevent acts of terrorism by targeting the people, money and materials that support terror and criminal networks.